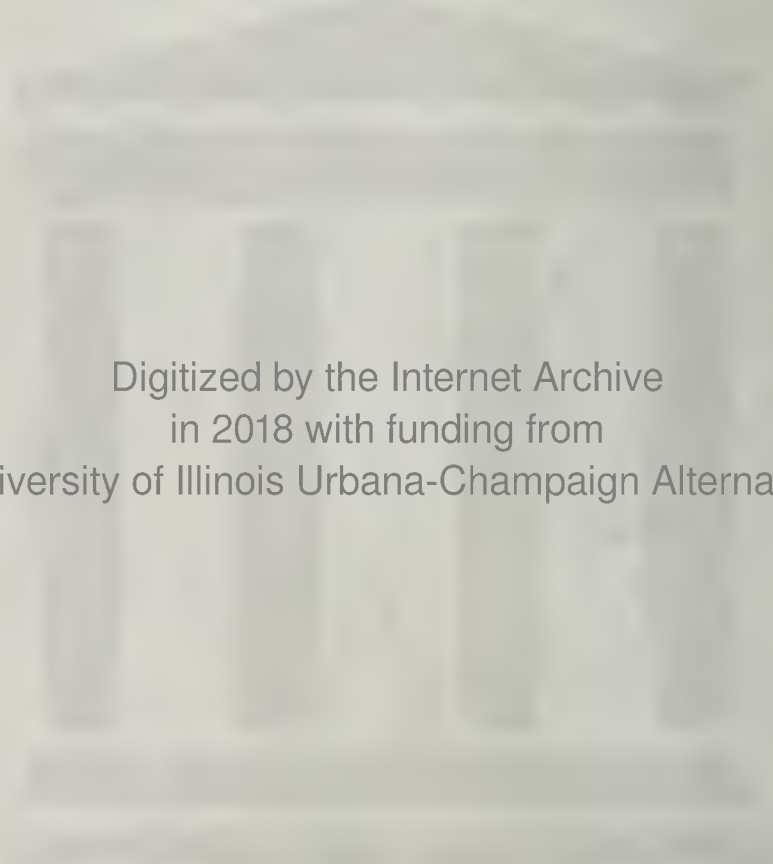


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Retail - Price

The Right Way to Figure Profits



by Thomas A. Fernley.

The National Hardware
Association of the
United States
505 Arch Street
PHILADELPHIA

The following table shows the percentage of cost which must be added to effect a given percentage of profit on the sale :

Add % to Cost	To Make % Profit on Sales	Add % to Cost	To Make % Profit on Sales
1	.99	26	20.63
2	1.96	27	21.26
3	2.91	28	21.88
4	3.85	29	22.48
5	4.76	30	23.08
6	5.66	31	23.66
7	6.54	32	24.24
8	7.41	33	24.81
9	8.27	33 $\frac{1}{3}$	25.00
10	9.09	34	25.37
11	9.91	35	25.93
12	10.71	36	26.47
12 $\frac{1}{2}$	11.11	37	27.01
13	11.50	37 $\frac{1}{2}$	27.27
14	12.28	38	27.54
15	13.04	39	28.06
16	13.79	40	28.57
16 $\frac{2}{3}$	14.29	41	29.08
17	14.53	42	29.58
18	15.25	43	30.07
19	15.97	44	30.56
20	16.67	45	31.03
21	17.36	46	31.51
22	18.03	47	31.97
23	18.70	48	32.43
24	19.35	49	32.88
25	20.00	50	33 $\frac{1}{3}$

The percentage of profit should always be figured on the selling price and not on the cost.

THIS BOOKLET was originally prepared for private distribution, but has been reprinted at the request of a number of business houses who desired to supply their customers, salesmen and house employees with a copy.

¶ A careful reading is recommended in the belief that increased profits will accrue to those who adopt in practice the principle expounded.

¶ Members can obtain additional copies from the Association's Office.

A PLUMBER SELLS

MATERIALS	\$ 10 ⁰⁰ / ₁₀₀
LABOR	4 ⁰⁰ / ₁₀₀
ADDS 25% FOR PROFIT	3 ⁵⁰ / ₁₀₀
<hr/>	
HE BILLS THE CUSTOMER	17 ⁵⁰ / ₁₀₀
HIS OVERHEAD EXPENSES	
ARE 20% OF THE SELLING PRICE	3 ⁵⁰ / ₁₀₀

HOW MUCH DOES HE MAKE?

YOU'RE RIGHT, JOHNNY. HE DOES NOT MAKE ONE CENT AND HIS TIME AND KNOWLEDGE ARE WASTED.

I KNOW HOW TO ADD, BUT THAT PROBLEM COMES OUT DIFFERENT EVERY TIME.

I DUNNO

IT'S A LEAD PIPE CINCH TO ADD TWO PIECES OF PIPE, BUT I CAN'T ADD THOSE FIGURES

SEARCH ME

FIVE PER CENT?

AH! HE DON'T MAKE NUTHIN

10.00
4.00
3.50
17.50
3.50

Ah! He Don't Make Nuthin!

The Right Way to Figure Profits

By

Thomas A. Fernley



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Thomas A. Fernley
Philadelphia**

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THE RIGHT WAY TO FIGURE PROFITS

IT is indeed remarkable that on such an important subject as the method of calculating the percentage of profits there should be such a variance of opinion as seems to exist, for the issue involved is vital to the welfare of every one engaged in any form of commercial activity.

True, the vital issue is the showing of net profit in dollars and cents at the end of the year when the inventory is completed

**Correct Method
Should be
Sought**

and books are closed, but in order that this showing should be satisfactory, the proper method of figuring profits should be pursued during the year. In our mind there should be no misunderstanding as to the correct method of calculating this most essential element in every business transaction, for accuracy is the twin brother of honesty and

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The Right Way to Figure Profits

right methods are necessary for the attainment of any desirable thing.

Every man engaged in business ought to be able to see that

They Ought to	John does not
But Do They?	have 50% more
	than James, be-

cause James has 50% less than John.

Yet many business men seem to have persistently refused to acknowledge that *any per cent. of a smaller sum is a smaller per cent. of a larger sum*—that if a fixed sum is a certain per cent. of a certain sum, it is a smaller per cent. of a larger sum—or to put it concretely, that if 25 is 25% of 100 it is only 20% of 125 and 25% increase over cost is 20% profit on the selling price.

An incorrect or incomplete understanding of percentage of profits and failure to observe the proper method of figuring the percentage of profit is the rock on which many commercial undertakings have gone to pieces.

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The subject of percentage of profit has not been given sufficient consideration by the school and college text book writers, especially from the standpoint of business men, so that the insufficient and incorrect understanding of the question has led many to falsely believe that the percentage of profit should be figured on the cost.

The method of figuring the ratio of profit on the sale is declared by many who may not be fully informed to be diametrically contrary to the methods taught in our schools, and is therefore loudly decried by those who now insist on using the net cost as a base, to their consequent loss.

So that it may not be misunderstood, it should be said that it is *scientifically* correct to use either the cost or the selling price as a base in figuring the percentage of profit, so long as

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it is stated on what base the percentage has been calculated. This, however, should not be regarded as being in the nature

of an academic discussion, for it is certainly the privilege of professional men to hold any views that they may prefer on this subject; but it is hoped that they will concede to business men the same privilege, especially when the method followed has such a decided effect on the volume of Net Profit realized from the conduct of their business, and permit them to adopt that method which most fully answers their requirements. The idea is to prevent men from figuring the cost of doing business on the gross sales and their percentage of profit on the cost of merchandise—without appreciating the fact that it makes a difference.

Strictly
a Business
Question

School and college text books refer to this question as "Percentage of Gain and Loss," and

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the initial figure or cost is used as the base.

Some text books use as the base a prime or net cost and again others add a certain amount for expenses using the gross cost as the base. So far as the question under discussion is concerned the percentage of profit should be figured on the selling price, just the same, whether prime cost or cost plus selling expense is used.

Many of the examples given refer to abstract figures, citing such cases as the following:

“If the population of a town increases from 30,000 to 45,000, what is the percentage of gain? Answer —50%.”

This is, of course, correct, and

Percentage of	the words “gain”
Increase in	and “increase”
Abstract Figures	are properly used
Not the Question	in this connec-

tion, but this bears no relation to the question of percentage of profit as applied to commercial transactions involving money.

The Right Way to Figure Profits

With the cost as a base or 100 the text books figure that if 25% is added the percentage of profit is twenty-five one hundredths ($\frac{25}{100}$) or $\frac{1}{4}$, which is equal to 25%. In this case we would consider the cost as 100 and the added 25% would make a total of 125.

The selling price should be considered as 100
Selling Price per cent. (100%)
Equals 100% and percentage of
profit would be $\frac{25}{125}$ or $\frac{1}{5}$
which would be 20% profit on
the sale.

A percentage of gain or increase of many hundred per cent. is possible,
Hundred but as percentage
Per Cent. Profit of profit is on
Impossible sale, 100 per
cent. profit is impossible unless
the goods are secured free of
charge.

The percentage of profit and the percentage of cost of doing business should both be figured on the same base.

First, let us consider what we

The Right Way to Figure Profits

use as our cost. Almost all merchants consider as cost the invoice price or "prime" cost, with **Most Merchants** no selling or **Base Figures on** other expenses **Delivered Cost** added, merely figuring in the cost of delivery to their warehouse.

All operating expenses, storage, selling, office expenses and every other item of expense and profit must be provided for in the difference between this net cost and the net selling price.

On the other hand, manufacturers very generally start with their shop or mill **Manufacturers' Cost Includes** cost and add to **Selling Expenses** this all the direct outlays incident to placing the goods in the hands of the buyer. This includes storage, selling expenses, office expenses, packing, freight and all miscellaneous expenses, making a gross cost above which everything is profit.

This fact accounts in a measure for the variance of opinion between some manufacturers

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and merchants on this question. Manufacturers are prone to tell merchants that on their line of goods a profit of 25% is made, when the fact is that the gross profit is 20% on

Don't be
Misled

the sale. If arguments of this na-

ture are properly met, a change of method beneficial to the entire business community will be effected.

The fact is, however, that no matter whether the prime or gross cost is used the percentage of profit should be calculated on the selling price.

Business men generally are coming to a knowledge of the

Universal
Adoption of
Correct Method
Desirable

fact that universal convention in an approved method of figuring the percent-

age of profit adapted to business conditions, will accrue to the general benefit of all.

Some of the more important reasons for pursuing this method of figuring the Percent-

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age of Profit on the sale are as follows:

In every business (we refer more particularly to merchandizing) two separate amounts of capital are required. One item of capital is required for investment in merchandise. Another item of capital is necessary for operating expenses, selling expenses and all other expenditures not properly chargeable to merchandise account.

Returns Needed
on Two Items
of Capital

All the capital invested in the business must produce a proper return. Dividends are obviously impossible on the entire amount of capital invested unless all is considered in making selling prices.

If the percentage of profit is reckoned on the cost of merchandise only, no provision is made for the other necessary item of capital demanding returns.

The sales totals are always readily ascertained, but the total of each individual, daily and

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monthly cost of goods sold is seldom, if ever, recorded in the books of business houses.

Therefore, with the sales totals always present and the fact

Total Cost Not
Accessible

conceded that the purpose of the business is primarily selling, is not the sale a proper base for all calculations, and how could cost be considered when it is not definitely known by reference to sales books?

Gross costs can only be ascertained from the totals obtained at the end of the business year, and are not shown daily as are the gross sales.

The amount of profits depends largely on the volume of business, so that the percentage of profits to sales is clearly indicative of the character of the year's work.

The percentage of profits on cost would not indicate so accurately the result of the year's business.

The percentage of expense of

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conducting a business may be readily ascertained by dividing the gross expenses by the gross sales. As this percentage of expense is on the sales, it is thought best to refer to the percentage of profit on the sale to

avoid any misunderstanding and consequent loss through the use of any other method. For instance, if you figure your percentage of profit on the cost and your overhead expenses on the sale—you may add 25% to the cost—with an overhead expense of 20% on the selling price and expect to make money. Do you?

The fact that a profit is not made until a sale is actually effected further advances the selling price as the proper basing factor for percentage of profit.

The salary or other form of remuneration of salesmen is always reckoned on the sale and

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the amount is always based more or less on a percentage of the sales totals.

Remuneration of Salesmen Mercantile or other taxes of a similar nature are assessed on a certain percentage of the annual sales.

Also if any special taxes are levied by the state on the sales of any special
Mercantile Taxes goods, such as revolvers, drugs, etc.

the amount is always a certain percentage of the selling price of such items and not a percentage of the cost.

All allowances in percentage to customers for any reason, or no reason at all,
Allowances Always on Sale are based on the selling price.

There is the 10% allowance by Department Stores to the clergy, dressmakers, teachers, etc.—all deduct the 10% from the selling price, and they neither know of nor care about the cost.

Certainly the astute managers of department stores do

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not *add* 10% and then allow 10% thereby losing 1%.

The use of terms of percentage in the advertisements of retailers has educated the consumer to figure percentage.

No merchant enjoying a reputation for honesty would think of making such an alluring promise as to give a dollar's worth of goods for fifty cents or even the whole dollar's worth for nothing.

This probably seems ridiculous, yet such expressions as "LET US SAVE YOU 50% TO 100% ON YOUR CLOTHING BILLS," are used by some business houses.

None can fail to realize what a saving of 100% means. It means that they are going to give away the goods or merchandise offered.

The consumer only has before him the selling price, and although the merchant may be making 200% INCREASE over cost on his goods, he can never,

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never make any money selling to the consumer at a saving of 100% even if he got the goods for nothing—in which case he would only come out square and at a loss of his operating expense.

Again, through this illustration, we see the advisability and wisdom of figuring, talking and thinking of the percentage of profit as based on the selling price—not on the cost.

The men who figure profit on the cost price aim to prove the correctness of that method by saying:—

**The Other Way—
Figuring on
Cost**

“Start out with a dollar in your pocket, and buy two bushels of potatoes at 50 cents a bushel. Sell them at 75 cents a bushel. You now have \$1.50. You have gained 50 cents. Now 50 cents is 50% of \$1.00, and the profit is 50%.”

We are dealing with the man who keeps books; who knows what his sales totals are; who has an expense account; whose

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This Method is salesmen look for
One for a compensation
Merchants equal to some
fixed percentage of their total
sales.

If our potato-selling friend in the illustration had incurred extravagant overhead charges—auto delivery, etc., to sell his potatoes and his selling cost would have been 40% on the sales—his profits would have been losses.

Some have an impression doubtless based on an inaccurate and incomplete information, that this method of figuring the percentage of profit on the selling price is for the purpose of fooling one's self into the belief that one is making less money than is really the case. This is not so. Business men should figure the percentage of profit on the selling price in order to arrive at the exact truth and to avoid fooling themselves into believing that they are making money when they are losing.

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Of course, net profit in a sufficient volume of *dollars and cents* is the ultimate goal, but again the fact may be repeated that correct methods are necessary to the attainment of any desirable thing.

As an illustration of the greater safety of figuring on sales, especially with untrained minds which do not properly discriminate, a case may be cited where the General Manager of a business sold an article which cost \$.80 for \$1.00 and basing his percentage of profit on the cost figured that he was making 25%. At the end of a given period the sales totaled \$20,000. The manager told a stockholder the amount of sales and also the percentage of profit.

The presumption was that a profit of \$5000.00 had been realized, while the books only showed a profit of \$4000.00 or 20% on the sales.

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This General Manager was doubtless like many other men in the fact that it is necessary for them to explain many, many details. Then, why add one more item to this list of things to be explained, when useless, time-wasting expositions could be spared Manager and stockholder by figuring on the selling price.

Cases have come to our notice where arrests for defaulting have actually been made in such instances, and the wisdom of figuring the percentage of profit on the sale has been taught the prosecutor and defendant at considerable expense.

As a specific instance of a case where the matter of the method of figuring the Percentage in the Criminal Courts percentage of profit was reviewed in court, it is on record that some years since, a Philadelphia cloth merchant had his Manager (who was also his bookkeeper) arrested for embezzlement.

The facts were that the pro-

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prietor had a certain line of imported goods on which he had a fixed percentage of profit—say 25%. He figured his profit on the cost—not on the selling price.

The proprietor went to Europe. When he came back he looked over the books and found that the sales during his absence amounted to \$125,000; he thought of the 25% profit he had been making and thought he should have \$31,250 gross profits.

On referring to other records he found that he had but \$25,000

gross profits;—
Ignorance Leads he figured he was
to Arrest of an short \$6250.00 in
Innocent Man his gross profits.

He had the manager arrested for embezzlement. The manager was thrown in the county prison; an expert accountant was sent for, and two days' work on the books failed to reveal any irregularities. The expert accountant closely questioned the merchant as to how he came to charge the manager with embezzlement.

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'This conversation revealed the startling fact that it was on the matter of an incorrect conception of net profits due to a false method of figuring the percentage of profit that the charge of embezzlement was laid.

Two hours' attempted explanation, by the expert accountant, of the matter of the methods of calculating the percentage of profit and an attempt to show that any per cent. of a smaller sum is a smaller per cent. of a larger sum, or that 25% of 100 was 20% of 125, failed to show the merchant where he had made his disastrous mistake.

The accountant then sent for a box of matches. He counted out one hundred matches. He then added 25 matches for the 25% profit that the merchant talked about. Then said he, "We will suppose that these 125 matches equal the amount of your sales, \$125,-000.00 as you saw when you

**Hard to Drive a
Point Through a
Thick Skull**

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came home from abroad. You believed you were making 25% profit. You did not think whether this percentage was on the cost or on the selling price.

"You possibly thought, in common with a great many other merchants, who have given the matter no consideration, that it made no difference—but, Sir, you went to your sales account, or to these 125 matches, you took therefrom 25% of the amount of your sales, \$125,000, and, in so doing, you went into your cost $6\frac{1}{4}$ matches, or \$6250.

"In other words, you calculated you had 25%— $31\frac{1}{4}$ —(\$31,250.00) on the 125 matches or \$125,000, whereas you had made a gain of this 25% not on \$125,000 but on \$100,000—you had only made 20% on the \$125,000 or \$25,000, so the best thing you can do is to get this manager out of jail and make amends to him as best you can."

**A Costly
Lesson**

The merchant saw his mistake

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and forthwith secured the release of the bookkeeper from prison, but incidentally paid \$2,500 damages for false arrest and imprisonment.

In a recent series of articles, "*The New Gospel of Efficiency*," Mr. E. St. Elmo Lewis, advertising manager of Burroughs Adding Machine Co., Detroit, said:

"A retailer was buying shirts at \$1.00 a piece. I asked him how much it cost him to do business. He said he thought 25% would cover it. I asked him what he thought he would make on it; he said he marked it up for 20% profit and his price was \$1.45. His price should have been \$1.81 to make a 20% profit."

This statement from a prominent official of a company making wonderful calculating machines, and whose daily work has to do with the various methods of correct and rapid figuring, would surely not be based on any method except the right one.

Furthermore, the method of

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figuring the percentage of profit on the selling price is followed and insisted upon by thousands of manufacturing and mercantile houses throughout the country, who only advocate methods which are absolutely correct and in accord with sound business practices.

From an article printed some time ago we quote as follows:

**“Arithmetic
Method”
Misleading** “You will find in every arithmetic such examples as:

A man buys a horse for \$50 and sells him for \$75, what percentage of profit does he make? Answer, 50%.” No more fatal and misleading ones were ever penned. They lead us to think of the percentage of profit from an unbusiness-like stand-point, and cause many business men to think they are making much larger profits than they really are. This makes them prodigal of expense and often leads to a failure, which

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with a more thorough knowledge of percentage could have been avoided.

Suppose a man to have in contemplation the sale of a horse on the basis of the above transaction. A broker approaches him and offers to conduct the negotiation. He asks a commission of 33 1-3%.

Now, the owner of the horse, having a profit of 50% in sight, agrees to this, and the broker, having completed the transaction, renders a bill as follows:

Sold one horse at	\$75
Commission, 33 1-3%	25

Due seller	\$50
------------------	------

The seller's books would show a profit of 50% entirely eaten up by a commission of 33 1-3%. Not good figuring, is it? Still that is the way nine-tenths of our smaller merchants figure, which fact often accounts for their being small.

Always figure your profit on

The Right Way to Figure Profits

the sale. Then you will be on the safe side. To
Always be on obtain the cor-
Safe Side rect percentage
of profit on any transaction subtract the cost from the selling price, add two ciphers to the difference, and divide by the selling price.

EXAMPLE NO. 1

An article costs \$5 and sells for \$6. What is the percentage of profit? Answer, 16 2-3%.

Process—Six dollars minus \$5 leaves \$1, the profit. One dollar divided by \$6,
Process of decimally, gives
Figuring the correct answer, 16 2-3%.

This operation is simple and a knowledge of it being vital to any one engaged in, or intending at any time to engage in business, it should be carefully committed to memory and constantly borne in mind.

EXAMPLE NO. 2

An article costs \$3.75. What must it sell for to show a profit

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**Analysis of
Figures**

of 25%? An-
swer, \$5.

Process — De-
duct 25 from 100. This will give
you a remainder of 75, the per-
centage of the cost. If \$3.75 is
75%, 1% would be \$3.75 divided
by 75 or 5 cents, and 100%
would be \$5. Now, if you mark-
ed your goods as too many do,
by adding 25% to the cost, you
would obtain a selling price of
about \$4.69, or 31 cents less
than by the former method.
Which is right?

When you take 25% off the
selling price, figured according
to the first rule, you will still
have your cost intact. Take
25% from the second sum and
see if the cost remains.

A large department store
changed hands. The goods in
stock, to cover
Great Merchant freight and other
Shows Ignorance charges were
marked up 10%. They were to
be sold at actual cost, but for
convenience sake were invoiced
as marked. The inventory hav-
ing been completed, nothing re-

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mained to be done but take off the 10% that had been added.

The parties to the sale accordingly approached the accountant having the matter in charge with a request that this be done. The man of figures set about making an elaborate calculation with this object in view, when he was questioned by the seller as to what he was doing.

"Reducing the goods to cost," he answered.

"Nonsense! Just take off 10%," said the seller.

"Do you want it done that way?" asked the accountant.

"Why not?" said the merchant.

"Well, just add 10% to a dollar and from the amount thus obtained deduct 10% and see if you have your original dollar left."

The merchant saw the point at once and said no more to the man of figures, who was saving him more than \$3,000 which he would have lost on account of a lack of knowledge of percentage.

The Right Way to Figure Profits

Eight Reasons why the Percentage of Profit should be Figured on the Selling Price and not on the Cost.



FIRST — Because the remuneration of salesmen is figured on a certain percentage of the SELLING PRICE.

SECOND—Because the percentage of expense of conducting business is based on the SELLING PRICE. If you talk per cent of profit on cost and per cent. of expense on the selling price, where are you?

THIRD—Because the mercantile and other taxes are invariably based on a percentage of the GROSS SALES.

FOURTH—Because the SALES Totals are always given in books of record—Cost Totals are seldom, if ever, shown.

FIFTH—Because a profit must be provided for two items of capital—one the capital invested in merchandise—the other the capital necessary for operating expenses and other expenditures not properly chargeable to merchandise account. This is only possible by figuring profit on the SELLING PRICE.

SIXTH—Because it indicates correctly the amount of gross or net profit when amount of SALES is stated.

The Right Way to Figure Profits

The percentage of profits on sales is indicative of character of result of years' business—percentage of profit on cost is not.

SEVENTH—Because allowances in percentage to customers are always from the SELLING PRICE.

EIGHTH—Because no profit is made until SALE is actually effected.

The following Table shows the percentage which must be added to cost to effect a given percentage of profit on the Selling Price:

Add to Cost	To Make on Selling Price	Add to Cost	To Make on Selling Price
5%	43¼%	31.58	24
7½	7	33 1-3	25
10	9	35	26
11.11	10	37½	27¼
12.36	11	40	28½
12½	11⅓	42.86	30
13.63	12	45	31
14.94	13	47	32
16.28	14	50	33 1-3
16 2-3	14¼	53.85	35
17.65	15	55	35½
19.05	16	60	37½
20.00	16 2-3	65	39½
20.49	17	66 2-3	40
21.96	18	70	41
23.46	19	75	42¾
25	20	80	44½
26.58	21	85	46
28.21	22	90	47½
29.88	23	100	50

TABLE FOR FIGURING NET PROFITS

If your cost of doing business figured on sales is represented by one of these figures

	10%	11%	12%	13%	14%	15%	16%	17%	18%	19%	20%	21%	22%	23%	24%	25%
25	10	9	8	7	6	5	4	3	2	1	00	1 Loss	2 Loss	3 Loss	4 Loss	5 Loss
33 $\frac{1}{3}$	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	00
40	18 $\frac{4}{5}$	17 $\frac{4}{5}$	16 $\frac{4}{5}$	15 $\frac{4}{5}$	14 $\frac{4}{5}$	13 $\frac{4}{5}$	12 $\frac{4}{5}$	11 $\frac{4}{5}$	10 $\frac{4}{5}$	9 $\frac{4}{5}$	8 $\frac{4}{5}$	7 $\frac{4}{5}$	6 $\frac{4}{5}$	5 $\frac{4}{5}$	4 $\frac{4}{5}$	3 $\frac{4}{5}$
50	23 $\frac{1}{3}$	22 $\frac{1}{3}$	21 $\frac{1}{3}$	20 $\frac{1}{3}$	19 $\frac{1}{3}$	18 $\frac{1}{3}$	17 $\frac{1}{3}$	16 $\frac{1}{3}$	15 $\frac{1}{3}$	14 $\frac{1}{3}$	13 $\frac{1}{3}$	12 $\frac{1}{3}$	11 $\frac{1}{3}$	10 $\frac{1}{3}$	9 $\frac{1}{3}$	8 $\frac{1}{3}$
60	27 $\frac{1}{2}$	26 $\frac{1}{2}$	25 $\frac{1}{2}$	24 $\frac{1}{2}$	23 $\frac{1}{2}$	22 $\frac{1}{2}$	21 $\frac{1}{2}$	20 $\frac{1}{2}$	19 $\frac{1}{2}$	18 $\frac{1}{2}$	17 $\frac{1}{2}$	16 $\frac{1}{2}$	15 $\frac{1}{2}$	14 $\frac{1}{2}$	13 $\frac{1}{2}$	12 $\frac{1}{2}$
75	32 $\frac{6}{7}$	31 $\frac{6}{7}$	30 $\frac{6}{7}$	29 $\frac{6}{7}$	28 $\frac{6}{7}$	27 $\frac{6}{7}$	26 $\frac{6}{7}$	25 $\frac{6}{7}$	24 $\frac{6}{7}$	23 $\frac{6}{7}$	22 $\frac{6}{7}$	21 $\frac{6}{7}$	20 $\frac{6}{7}$	19 $\frac{6}{7}$	18 $\frac{6}{7}$	17 $\frac{6}{7}$
100	40	39	38	37	36	35	34	33	32	31	30	29	28	27	26	25

And you mark your goods at one of these per-centages above delivered cost.

Your percentage of net profit is represented by the figure at the junction of the two columns

Explanation—If your cost of doing business is 15 per cent of your gross sales and you mark a line at 25 per cent above cost, your net profit is 5 per cent on sales as shown in the diagram. If your cost of doing business is 18 per cent and you mark a line at 60 per cent above cost, your net profit is 19-2 per cent on sales.

COURTESY OF BUTLER BROS.



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